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Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Once again, new rules with the intention of helping homeowners are only costing them more money (Consider HVCC and MDIA that require borrowers to increase lock periods, thereby costing them more loan fees). Eliminating yield spread premiums is just another nail in the coffin for the poor consumer by further limiting their options for financing. A "no-cost", "no fee" loan is the only option many homeowners have in order to refinance their home loan. In that case, the broker is willing to pay for the borrower's cost out of the YSP received from the lender. Borrowers who want to purchase properties with limited funds count on sellers and brokers (via YSP) to contribute to their costs. If this is no longer available, an entire population of homebuyers is instantly out of the market. Certainly every business have their minority of unscrupulous members and the mortgage business is no exception. However, the vast majority of mortgage brokers are reputable people who provide homeowners a variety of options. In addition, the American ideal of competition certainly creates an environment in which homeowners can shop for their financing among thousands of competitors. Why should this business be any different than any other business that competes on price? Furthermore, the fact that new rules separate mortgage brokers from other classes of originators is unbelievably absurd! It is unclear how the consumer is benefited when they are shopping for financing when banks can continue to hide their fees (YSP's). As you know mortgage brokers currently disclose their fees and YSP, fully informing the borrower as to his costs. Currently the consumer can't compare among brokers and banks and decide which proposal is the most cost effective since banks can get away with hiding their fees. Cutting off YSP's just gives the borrower less options to pursue their home ownership dreams. It is clear that politicians and others who are not in the lending business come up with these ideas that are not given much thought as to how they might effect the very audience they are trying to protect. And why does there continue to be a

disparity between disclosure rules among brokers and banks? I would hope that the strong lobbying efforts of banks wouldn't pressure politicians to favor banks over consumers, giving them an edge and a lending monopoly which will only serve to further provide a disservice to consumers by not giving them choices. Eliminating YSP's provides a further disservice by limiting borrower's options.